

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



**CORRECTED
FISCAL NOTE**

SB 1791 – HB 2230

March 19, 2009

SUMMARY OF BILL: Exempts from petroleum tax any fuel used by non-governmental employees for the purpose of providing transportation services pursuant to a contract, grant, or agreement with the Division of Mental Retardation Services (DMRS) for the benefit of persons with mental retardation, developmental disabilities, or other disabilities.

ESTIMATED FISCAL IMPACT:

On March 5, 2009, we issued a fiscal note for this bill that indicated a *recurring decrease to state revenue exceeding \$7,200 from the Highway Fund*. Based on additional information provided by the Department of Mental Retardation Services (DMRS), the fiscal impact for this bill is estimated as follows:

(CORRECTED)

Decrease State Revenue – \$201,600/Highway Fund

Assumptions:

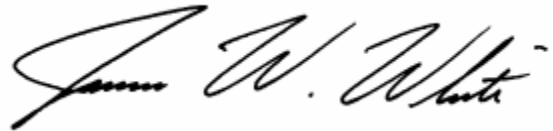
- According to DMRS, there would be no fiscal impact to the Department as a result of this bill.
- DMRS has indicated that the Department has 144 agreements statewide for the providing of day, residential, and personal assistance services to 7,752 mentally retarded individuals. DMRS indicates that transportation services are a major component of such services.
- DMRS projects an average of 75 miles of transportation per week for each mentally retarded individual served under such contracts.
- DMRS indicates that in some instances only one person is transported at a time; while other times multiple individuals may be transported. DMRS projects an average of two individuals per vehicle.
- The total number of miles driven under such contracts are estimated to be 15,116,400 per year $[(7,752 / 2) \times 75 \text{ miles} \times 52 \text{ weeks per year} = 15,116,400]$.

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- DMRS indicates that fuel consumption among vehicles is likely to vary widely due to some individuals being transported in cars, while others are transported in larger vans. As a result, vehicles used to provide transportation services are assumed to average 15 miles per gallon of fuel.
- The total number of gallons of gasoline that would become exempt under this bill is estimated to be 1,007,760 per year ($15,116,400 / 15 = 1,007,760$).
- The current gasoline tax is \$0.20 per gallon.
- The decrease of gasoline tax revenue is estimated to be \$201,600 per year ($1,007,760 \times \$0.20 = \$201,552$).
- Gasoline tax is apportioned to the Highway Fund.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

/rnc